

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): January 21, 1998

NORTHROP GRUMMAN CORPORATION
(Exact Name of Registrant as Specified in Charter)

Delaware (State or Other Jurisdiction of Incorporation)	1-3229 (Commission File Number)	95-1055798 (IRS Employer Identification No.)
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1840 Century Park East LOS ANGELES, CALIFORNIA (Address of Principal Executive Offices)	90067 (Zip Code)
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Registrant's telephone number, including area code: (310) 201-3000

None
(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS

On January 21, 1998, the Corporation announced its results of operations for the fourth quarter and the year ended December 31, 1997 in the press release which is included as Exhibit 99.1 to this Current Report on Form 8-K.

ITEM 7. EXHIBITS

Exhibit No. -----	Description -----
99.1	Press Release of Northrop Grumman Corporation dated January 21, 1998.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NORTHROP GRUMMAN CORPORATION

Date: January 21, 1998

By: /s/ James C. Johnson

James C. Johnson
Corporate Vice President, Secretary
and Assistant General Counsel

Exhibit Index

Exhibit No.

99.1

Description

Press Release of Northrop Grumman
Corporation dated January 21, 1998

FOR IMMEDIATE RELEASE
-----Operating Profit Exceeds \$1 Billion; Net Debt Reduced by \$510 Million
-----NORTHROP GRUMMAN REPORTS RECORD 1997 SALES, EARNINGS

LOS ANGELES--Jan. 21, 1998--Northrop Grumman Corporation today reported record sales and net income for 1997, a year in which operating profit topped \$1 billion for the first time in the company's history. During the year, the company also reduced its net debt by more than \$500 million, from \$3.26 billion at the end of 1996 to \$2.75 billion at Dec. 31, 1997.

Sales for 1997 were \$9.2 billion, up 6 percent from the \$8.6 billion reported in 1996. Net income for the year was \$407 million, up 54 percent from the \$264 million registered in 1996. Basic earnings per share for the year were \$6.10 (\$5.98 diluted) versus \$4.22 (\$4.15 diluted) for all of 1996. Operating profit for 1997 totaled \$1.058 billion versus \$908 million for the preceding year.

Net income for 1996 included two nonrecurring items: a pretax charge of \$90 million related to plant closures and a pretax gain of \$28 million from the sale of shares the company owned in ETEC Systems Inc., a manufacturer of high technology equipment for the semiconductor industry.

Northrop Grumman's sales for the fourth quarter of 1997 were \$2.5 billion, up 4 percent from the \$2.4 billion reported for the same period a year ago. Net income for the quarter totaled \$117 million, or \$1.75 per share (\$1.71 diluted), compared with \$24 million, or 38 cents per share (38 cents diluted) in the fourth quarter of 1996, which included net nonrecurring pretax charges of \$80 million.

The company's operating margin in the fourth quarter of 1997 included a \$27 million mark-to-market charge for restricted stock rights versus a \$2 million charge recorded in the fourth quarter of 1996. The higher charge resulted from increases in the company's stock price and the number of shares accrued.

Northrop Grumman's business backlog at Dec. 31, 1997, was \$11.9 billion, down 6 percent from the \$12.7 billion reported a year ago.

Aircraft business segment sales for the fourth quarter and all of 1997 were higher than those of 1996 due to increased deliveries of shipsets for Boeing jetliners and the Gulfstream V business jet. These improvements more than offset lower business volume on the B-2 and F/A-18 military aircraft programs.

Fourth quarter operating profit in the Aircraft business segment benefited from an increase in pension income, the delivery of two B-2's versus none in the fourth quarter of 1996, and a \$55 million cumulative margin rate adjustment on the B-2 production contract.

Aircraft business segment operating profit for 1997 benefited from increased pension income, higher levels of Boeing jetliner sales, and the cumulative margin rate adjustment on the B-2 production contract. These improvements were partially offset by lower F/A-18 operating margin on reduced sales. The prior year's results included a \$25 million charge related to the company's work for Fokker Aircraft N.V., which declared bankruptcy in March 1996, and \$22 million in charges related to plant closures. These charges were partially offset by the favorable settlement in the third quarter of 1996 of a claim involving productivity improvements on the F/A-18.

Electronics business segment sales were higher for the full year as a result of the inclusion of the defense electronics activities of the Westinghouse Electric Corporation, which Northrop Grumman acquired March 1, 1996, and now operates as

its Electronic Sensors and Systems Division. Results for 1996 reflected only 10 months of ESSD operations.

Electronics business segment operating profit for the fourth quarter of 1997 was reduced by a \$20 million charge related to an increase in the cost estimate to complete the company's work on the Directed Infrared Countermeasures (DIRCM) program.

Electronics business segment operating profit for all of 1997 was reduced by a cumulative margin rate adjustment of \$53 million on the E-8 Joint STARS in the third quarter and a total of \$33 million on DIRCM. Partially offsetting these downward adjustments was a \$20 million MX missile claim settlement recorded in the third quarter of 1997. Electronics business segment results for 1996 included a \$29 million avionics claim writedown recorded in the third quarter for work performed by the former Grumman Corporation prior to its acquisition by Northrop in 1994.

Information Technology and Services business segment operating profit improved in both the fourth quarter and full year as a result of the return to profitability of the company's data systems activities and increased margin rates on higher sales at Logicon Inc., a wholly owned subsidiary.

Interest expense in the fourth quarter was \$60 million, down \$13 million from the fourth quarter of 1996. Interest expense for the full year was \$257 million versus \$270 million for the same period a year ago.

For all of 1997, the company had a weighted average of 66,716,065 shares outstanding compared with a weighted average of 62,603,724 shares outstanding during 1996.

In July 1997, Northrop Grumman and Lockheed Martin Corporation announced a definitive agreement to combine the companies to further enhance efficiencies and increase global competitiveness. Under the terms of the agreement, Northrop

Grumman shareholders will receive 1.1923 shares of Lockheed Martin common stock for each share of Northrop Grumman stock.

The transaction, which is subject to shareholder approval, is estimated to be completed in the first quarter of 1998.

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NORTHROP GRUMMAN CORPORATION
 OPERATING RESULTS
 YEAR ENDED DECEMBER 31, 1997
 (\$ in millions, except per share)

	CONTRACT ACQUISITIONS				FUNDED ORDER BACKLOG	
	FOURTH QUARTER		TOTAL YEAR		DECEMBER 31,	
	1997	1996	1997	1996	1997	1996
Aircraft	\$ 696	\$1,626	\$3,355	\$ 4,144	\$ 5,993	\$ 7,045
Electronics	1,593	1,233	4,404	6,278	5,462	5,158
Information Technology and Services	372	330	957	983	447	511
Intersegment Eliminations	(96)	(78)	(368)	(310)	(40)	(47)
Total	\$2,565	\$3,111	\$8,348	\$11,095	\$11,862	\$12,667

	NET SALES				OPERATING PROFIT			
	FOURTH QUARTER		TOTAL YEAR		FOURTH QUARTER		TOTAL YEAR	
	1997	1996	1997	1996	1997	1996	1997	1996
Aircraft	\$1,162	\$1,116	\$4,405	\$4,112	\$ 194	\$ 104	\$ 654	\$ 499
Electronics	1,174	1,135	4,101	3,883	86	123	309	360
Information Technology and Services	278	242	1,022	910	26	(1)	95	49
Intersegment Eliminations	(104)	(80)	(375)	(298)	-----	-----	-----	-----
Total	\$2,510	\$2,413	\$9,153	\$8,607	306	226	1,058	908

Adjustments to reconcile operating profit
to operating margin:

Other deductions(income) included above	1	(8)	(6)	(17)
State and local income taxes	1	(24)	(6)	(52)
General corporate expenses	(35)	(33)	(127)	(123)
Mark to market restricted stock rights	(27)	(2)	(39)	(13)
Operating margin	246	159	880	703
Other income(deductions)	(2)	(45)	28	(1)
Interest expense	(60)	(73)	(257)	(270)
Income before income taxes	184	41	651	432
Federal income taxes	67	17	244	168
Net income	\$ 117	\$ 24	\$ 407	\$ 264

Earnings Per Share:

Basic	\$ 1.75	\$ 0.38	\$ 6.10	\$ 4.22
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Diluted

\$ 1.71

\$ 0.38

\$ 5.98

\$ 4.15

NORTHROP GRUMMAN CORPORATION
 ADDITIONAL FINANCIAL INFORMATION
 (\$ in millions)

NET SALES BY PROGRAM:	FOURTH QUARTER		TOTAL YEAR	
	1997	1996	1997	1996
B-2	\$ 425	\$ 454	\$1,615	\$1,725
SURVEILLANCE AIRCRAFT E-8, E-2	328	293	1,073	1,104
BOEING JETLINERS	222	148	858	569
AIRBORNE RADAR	177	172	668	560
MARINE	164	185	590	496
F/A-18	155	194	551	715
ECM	96	112	384	398
SPACE	101	101	328	315
AIRSPACE MANAGEMENT	103	52	297	223
C-17	61	55	276	249
INFORMATION TECHNOLOGY AND SERVICES	289	236	1,022	905
ALL OTHER	389	411	1,491	1,348
	\$2,510	\$2,413	\$9,153	\$8,607

AIRCRAFT UNITS DELIVERED	FOURTH QUARTER		TOTAL YEAR	
	1997	1996	1997	1996
747	14	7	46	28
F/A-18 C/D	9	19	35	68
F/A-18 E/F	0	0	0	3
C-17	2	1	8	6
B-2	2	0	4	4

AMORTIZATION OF GOODWILL AND OTHER
 PURCHASED INTANGIBLES BY SEGMENT

	FOURTH QUARTER		TOTAL YEAR	
	1997	1996	1997	1996
Aircraft	\$ 4	\$ 4	\$ 16	\$ 16
Electronics	39	41	158	138
Information Technology and Services	3	3	11	11
	\$ 46	\$ 48	\$ 185	\$ 165